



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

Capital Plaza Building, PO Box 40912 • Olympia, Washington 98504-0912 • (360) 570-6100

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**For further information, contact
Dr. ChangMook Sohn
(360) 570-6105**

OLYMPIA, June 14, 2007 --- The General Fund-State revenue forecast has been increased by \$483.6 million for the combined 2005-07 and 2007-09 biennia. The June economic forecast reflects newly available data that shows a higher level of personal income and stronger construction activity in Washington than assumed in March. However, the most important reason for the upward revision in the revenue forecast is the recent strength in revenue collections which demonstrates that consumer and business spending in Washington remains strong.

The June 2007 General Fund-State revenue estimate for the 2005-07 biennium is \$27,705.2 million. The new forecast is \$195.1 million more than expected in March of which \$78.0 million is due to unexpected and non-recurring special factors. The forecast for the 2007-09 biennium is \$29,804.0 million, which is \$288.5 million higher than expected in the March forecast. The forecast change for 2007-09 includes the impact of new legislation since the March forecast was adopted.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2005-07 and 2007-09 biennia. The forecast based on more optimistic economic assumptions netted \$97 million (0.4 percent) more revenue in the current biennium and \$1,392 million (4.7 percent) more revenue in the next biennium than did the baseline while the pessimistic alternative was \$97 million (0.4 percent) lower this biennium and \$1,470 million (4.9 percent) lower next biennium. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$18 million (0.1 percent) less revenue this biennium and \$37 million (0.1 percent) less revenue next biennium than did the baseline forecast.

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